

Message Text

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21 11

ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 DRC-01 CIAE-00 DODE-00 PM-07

H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01

SPC-03 SS-20 USIA-15 ACDA-19 IO-14 SCEM-02 SCI-06

INT-08 FPC-01 NSF-04 AID-20 CIEP-02 TRSE-00 STR-08

OMB-01 CEA-02 JUSE-00 COME-00 FRB-02 XMB-07 /211 W

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R 302320Z NOV 73

FM AMCONSUL VANCOUVER

TO SECSTATE WASHDC 1463

INFO AMEMBASSY OTTAWA

AMCONSUL CALGARY

UNCLAS VANCOUVER 642

EO 11652: N/A

TAGS: ENRG, CA

SUBJ: B.C. REACTION TO FPC'S CONDITIONAL APPROVAL OF CHANGES IN
NATURAL GAS PURCHASE CONTRACTS.

1. ACCORDING LOCAL PRESS FEDERAL POWER COMMISSION JUDGE HAS APPROVED, PROVIDED NO OBJECTION FILED BY FPC STAFF WITHIN 30 DAYS, PROPOSED CHANGES IN GAS PURCHASE CONTRACTS BETWEEN WESTCOAST TRANSMISSION AND EL PASO NATURAL GWS. (VANCOUVER TEL. 553) THIS DECISION DOES NOT AFFECT RECENT PRICE INCREASES REPORTED VANCOUVER'S 609 AND 622. IT WILL HOWEVERHBE RECTROACTIVE TO COVER PERIOD MARCH 1 - NOVEMBER 1, 1973.

2. SENIOR WESTCOAST TRANSMISSION OFFICIAL STATES QUOTE IF RULING STANDS, RECTROACTIVE PAYMENT TO PRODUCERS WILL HELP PROVIDE EXPLORATION AND DEVELOPMENT FUNDS AND SHOULD ASSIST B.C. PETROLEUM CORPORATION OBTAIN PRODUCERS AGREEMENTS TO ASSIGNMENTS OF WESTCOAST CONTRACTS UNQUOTE. ALSO EXPECTS RULING TO MAKE 80 MILLION DOLLARS NO INTEREST EXPLORATION FUND AVAILABLE TO PRODUCERS. MONEY WOULD BE RAISED BY WESTCOAST, INTEREST PAID BY EL PASO.

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3. B.C. ENERGY COMMISSION SPOKESMAN HAS EXPRESSED OPINION THAT ONCE-CONTROVERSIAL AGREEMENT BETWEEN WESTCOAST AND EL PASO IS POSSIBLY IRRELEVANT, IN VIEW OF RECENT RESTRUCTURING OF B.C. NATURAL GAS INDUSTRY WHICH RAISED WHOLESAL PRICE 81 PERCENT.

4. B.C. PETROLEUM CORPORATION CHAIRMAN HAS INFORMED CONGEN QUOTE FPC JUDGE S RULING WON T IMPEDE AND MAY HELP BCP TO REACH EARLY AGREEMENT WITH PRODUCERS UNQUOTE. HE ADMITS HOWEVER THAT NUMBER QUESTIONS STILL REMAIN TO BE WORKED OUT AND STATES IT MAY BE SEVERAL WEEKS BEFORE IT IS KNOWN WHETHER 80 MILLION DOLLARS EXPLORATION FUND WILL BE HANDLED AS ORIGINALLY NEGOTIATED BETWEEN WESTCOAST AND EL PASO OR WHETHER IT WILL BE UNNECESSARY BECAUSE OF INCREASE PRICE BCP INTENDS TO PAY PRODUCERS. EXACT PRICE CURRENTLY BEING NEGOTIATED.
LSTUTESMAN

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